

Testimony of
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and Financial Management

Committee on Government Reform
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Mr. Chairman and Members of the Subcommittee, on behalf of *BRADSON CORPORATION*, I would like to thank you for the opportunity to discuss the role of private sector consultants in implementing new financial management systems and financial improvements.

Overview of *BRADSON* Services and Examples of Experience

BRADSON provides financial management, accounting, and financial systems consulting services to federal government organizations. The emphasis of our consulting support and solutions over the past 10 years has been on financial modernization and reform, including implementation of the Chief Financial Officer's (CFO) Act, Federal Financial Management Improvement Act (FFMIA), and President's Management Agenda, as well as interpretation and adoption of new standards contained in Federal Accounting Standards Advisory Board (FASAB) pronouncements, Joint Financial Management Improvement Program (JFMIP) systems guidance, and in Office of Management and Budget (OMB) bulletins and circulars pertaining to financial systems compliance, financial statements, and data reliability.

By capitalizing on our experience and technical expertise related to federal and proprietary accounting, financial systems, internal controls, and business process improvements, *BRADSON* services have provided customer agencies with the strategies, tools, and capabilities to successfully accomplish mounting day-to-day work requirements and meet the growing demands for more accurate and timely financial and cost information.

BRADSON has partnered with many federal agencies – including the Departments of Agriculture, Defense, Homeland Security, HUD, the Interior, Labor, and the Treasury and component organizations – to establish and achieve improvement goals; enterprise-

wide changes and business and program improvements. A few examples of our ongoing support include:

- building effective crosswalks from legacy systems to the US Standard General Ledger (USSGL) and other modern systems;
- determining financial systems performance and specifications requirements, as well as conducting independent analysis of systems and modules to ensure conformity with laws and standards;
- strengthening internal and management controls;
- implementing and analyzing Commercial Off-The-Shelf (COTS) applications and JFMIP-approved software; and
- preparing financial statements and producing audit trails that result in unqualified audit opinions.

We have also assisted agencies with implementing and integrating a broad range of program and financial processes and procedures to improve efficiencies and produce reliable, timely, and accurate financial information for agency managers, oversight officials, Congress, and the Public.

BRADSON has been able to achieve these and other successes by applying cost-effective, logical, and practical project plans and approaches that include assignment of experienced accounting, systems, and business professionals, use of automated tools and technologies, and specific work steps – steps that contain incremental performance milestones and completion schedules – all focused to deliver the proper levels of technical expertise and business tools so our federal agency customer is better able to achieve financial management compliance and financial systems improvements.

Facilitate The Implementation of Financial Systems

The leadership and guidance from the current Administration, Congress, and various councils and advisory boards continue to provide the structure and framework for financial reforms and financial systems improvements. In addition to this leadership, as improvement partners with the government, we witness daily a federal workforce that is dedicated to meeting reform challenges and is willing to adopt new concepts and business practices to strengthen financial accountability and reporting. In fact, the following important actions and best practices are being used and refined by the government and its private industry consultants as part of the efforts to broaden the success of implementing

new financial systems and other compliance and reform initiatives – important concepts and best practices such as:

- **Leadership support; leadership with the authority to make decisions about resource allocation, funding, and technical direction** – that is, a single senior executive who is responsible and accountable for the planning and execution of the implementation project.
- **Clear and consistent direction and instructions** regarding the expectations for accounting, financial systems, performance, and accountability reporting – to include what the compliance and performance requirements are so the agency can institutionalize them.
- **Effective requirements documents and deployment, testing, and operational plans and communications vehicles** to avoid uncertainty and provide specific descriptions of agency-wide roles, responsibilities, and timelines – with interim and long-term milestones and performance objectives.
- **A campaign plan to broadcast widely the new system or business processes** that include the “what”, “why”, “when”, and “how”, of the actions to be taken, explaining the benefits and payoffs of the phased, logical approach selected by the agency’s implementation team.
- **Flexibility in the implementation of new systems standards and initiatives** to allow agencies to capitalize on existing in-house capabilities and technologies during transition and data migration periods.
- **Acknowledgement that steady progress and incremental improvements are expected and acceptable** - even in private companies, migration to a new financial system is undertaken only within a methodical and deliberate process.
- Federal agencies also continue to need **sponsorship of special initiatives and pilot programs to test and illustrate the effectiveness of selected new systems, operations, and improvement processes** – to include adequate time, resources/funding, and training to complete pilot programs, institutionalize the successful systems’ components and processes, and achieve buy-in for the implementation from agency employees and users.
- **Accessibility to and funding for technical expertise, consulting services, and other outside assistance** that provides the help agencies need. An example of this accessibility is the procurement process managed by the General Services Administration (GSA) whereby JFMIP-approved financial systems software and expert financial and accounting support services are available to agencies relatively quickly and easily, and at a competitive price.

- And finally, to facilitate the government's implementation of improved financial management systems and processes, there needs to be **a mechanism for acknowledging and rewarding unique achievements and accomplishments.**

In other words Mr. Chairman, agencies require direction on “where to go” with improvements and financial systems implementation, but need flexibility and resources to plan and support “how to get there,” due to the widely diverse and unique missions, cultures, and infrastructures within our government agencies. Agencies must also be able to continue to rely on a fast and streamlined process to get uniquely-qualified and dedicated manpower and technical assistance, and, agency executives and managers must have assurance that their hard work, focus, and success as well as the work of their supporting staff, will be recognized and rewarded.

Barriers To Success Unique To The Federal Government

Despite these positive actions that will facilitate improvements, challenges and obstacles lie ahead. For instance:

The federal government is a very large, complex, diverse, and geographically-dispersed group of entities – composed of many missions that serve our Nation and its citizens and sometimes competing priorities, interests, and appropriations. Therefore, it is **not a simple task to collect and get consensus on a new system's integration and functionality requirements, information architecture schemes, and/or deployment options.** In addition to the government's shear size and complexity, there is so much change occurring in some government agencies that it is very difficult to focus on what end-state the new agency-wide COTS system should support.

Second, when implementing a new, integrated financial system, **there is a tendency to focus on the procurement of the software package, rather than on the “total business process”** – the process that includes important improvements in other related operational areas. Procurement of the selected JFMIP-approved application is a significant step, but there should also be adequate planning, resources, and technical emphasis placed on associated business and organizational tasks required for successful systems implementation and sustainment. In most instances, the most complex work begins rather than ends following the purchase of the COTS application.

And finally, our **federal government agencies are undergoing extensive reform in areas other than financial systems modernization**, which places extra burden on agency manpower and resources. The CFO Act, Government Performance and Results Act (GPRA), Clinger-Cohen Act, and Government Information Systems Reform Act (GIRSA) are but a few of the far-reaching requirements that government agencies must

continue to implement. In fact, nearly all agencies today are placing a very high premium on the implementation success of several very challenging, comprehensive reform initiatives, including: 1) physical and systems security; 2) the ability to achieve and sustain unqualified audit opinions; 3) implementation of enterprise-wide information technology (IT) capabilities; and 4) the integration of disciplined planning, budgeting, and reporting as called for in the President's Management Agenda and GPRA. This situation of overlapping reform might seem to the federal employee to be overwhelming at times, and set the stage for management oversight "fatigue" within government organizations.

Conclusion

Although the modernization road ahead contains challenges, it also presents opportunities for widespread success and achievement. The combination of: 1) clear and effective policy, guidance, and resources from the Administration and Congress; 2) the hard work, skills, steady progress toward improvement, and dedication of our federal workforce; and 3) the technical assistance and business solutions provided by consulting firms like *BRADSON* will continue to result in effective, modernized financial practices and the implementation of new, integrated financial management systems.

Mr. Chairman and Members of the Subcommittee, I thank you for inviting *BRADSON* to speak about this subject. *BRADSON* looks forward to continuing its partnership with federal agencies to provide valuable advice, expertise, and consulting services, and hopes that this testimony is helpful to you in your continued efforts to reform government.

I welcome any questions you might have on this topic or testimony.

Biographical Outline: David Halstead is a Vice President at *BRADSON CORPORATION*, where since 1991 he has been managing and directing consulting engagements for *BRADSON's* federal government clients. Mr. Halstead has been recognized for leading successful *BRADSON* projects to modernize CFO operations, implement new standards and processes, and improve agency in-house capabilities. He has also developed and implemented *BRADSON* work approaches and techniques used to help customer agencies meet the compliance requirements contained in the CFO Act, GPRA, FFMIA, and FASAB and OMB guidance and direction. Prior to joining *BRADSON*, Mr. Halstead served in the United States Air Force providing resource management and operational support. He received his Masters Degree from the George Washington University and Bachelors Degree from the University of Maryland.

